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## *Memorandum*

TO: BATA Oversight Committee

DATE: March 2, 2011

FR: Executive Director

W. I. 1251

RE: Purchase Order Amendment – Credit Card Processing Fees for the FasTrak® Electronic Toll Collection (ETC) Program: Bank of America.

In May 2008, this Committee authorized payments to Visa/Mastercard, American Express and Discover as part of the \$8.0 million Bank of America contract to operate credit card processing for the FasTrak® program. Staff requests that this Committee increase the payments to \$10.0 million for the current fiscal year 2010-11 and for each year remaining under the Bank of America contract (to Fiscal Year 2011-12).

### **Background**

In March 2005, Bank of America was awarded a two-year master contract with a five year extension option by BATA to process credit card payments and provide banking services for the FasTrak® program. The Committee approved the five-year extension in March 2007. The contract allowed payments to participating credit card companies, including American Express, Visa/Mastercard and Discover, in addition to Bank of America.

Merchant and interchange fees increased significantly due to the increase in the number of transactions processed by FasTrak® including the addition of the carpool lanes. Total credit card costs for FY 2009-10 were \$5.4 million. Actual costs through December 2010 are \$4.2 million and are projected to exceed \$8.2 million for the 2011 fiscal year. Given the growth in ETC accounts and transactions, staff anticipates the 2011 level to be approximately \$10.0 million. The actual costs will be itemized among Bank of America and the other participating credit card companies.

### **Recommendation**

Staff recommends that the Committee authorize the annual purchase order amendment with Bank of America to provide credit card processing services for the FasTrak® be increased to \$10 million dollars in FY 2010-11 and remain at this level through FY 2011-12.

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Steve Heminger

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Consultant Purchase Order Amendment

Work Item No.: 1251

Consultant: Bank of America

Work Project Title: Credit card processing and banking services

Purpose of Project: Increase purchase order for credit card processing fees

Brief Scope of Work: To provide credit card processing and banking services for the Electronic Toll Collection (ETC) program

Project Cost Not to Exceed: \$10,000,000 per year through FY 2011-12

Funding Source: BATA Toll Revenue

Fiscal Impact: Project costs for FY 2010-11 are consistent with funds budgeted for the program; project costs for FY 2011-12 will be consistent with future BATA budgets.

Motion by Committee: That the Committee authorizes a the purchase order with Bank of America for credit card services for the FasTrak® ETC program, which includes participation by American Express, Visa/Mastercard and Discover as part of the program, be insured to \$10,000,000 for FY 2010-2011, and the Chief Financial Officer is authorized to set aside funds up to \$10,000,000 for such program. That the Committee further authorizes an annual budget of \$10.0 million through FY 2011-12 for the program, subject to the approval of future BATA budgets.

BATA Oversight Chair:

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Bill Dodd

Approved:

Date: March 9, 2011